

AR52

**ANNUAL
REPORT**

1973

NOTICE OF
MEETING
INFORMATION
CIRCULAR

CALMOR
IRON BAY MINES
L I M I T E D

FOR THE YEAR ENDED DECEMBER 31, 1973



IRON BAY MINES

L I M I T E D

DIRECTORS

M. P. CONNELL - - - - - Toronto, Ontario
C. R. ELLIOTT - - - - - Bowmanville, Ontario
I. F. T. KENNEDY - - - - - Toronto, Ontario
J. C. LAMACRAFT - - - - - Toronto, Ontario
A. C. MOSHER - - - - - Toronto, Ontario

OFFICERS

M. P. CONNELL - - - - - President
I. F. T. KENNEDY - - - - - Vice-President
D. B. MacDERMOTT - - - - - Secretary
J. C. LAMACRAFT - - - - - Treasurer
J. R. SCRIMGER - - - - - Assistant Secretary

HEAD OFFICE

TENTH FLOOR, 85 RICHMOND STREET WEST
Toronto, Ontario

**TRANSFER AGENT
AND REGISTRAR**

MONTREAL TRUST COMPANY
Toronto, Ontario

AUDITORS

RIDDELL, STEAD & CO.
Toronto, Ontario

BANKERS

THE ROYAL BANK OF CANADA
Toronto, Ontario

SOLICITOR

D. B. MACDERMOTT
Toronto, Ontario

ANNUAL MEETING

June 20, 1974, 3:00 P.M.
Tudor Room, Royal York Hotel
Toronto, Ontario



Calmor Iron Bay Mines Limited

Tenth Floor
85 Richmond Street West
Toronto, Ontario
M5H 2G1

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

To the Shareholders:

Notice is hereby given that the Annual Meeting of the Shareholders of Calmor Iron Bay Mines Limited will be held at the Tudor Room, Royal York Hotel, 100 Front Street West, Toronto, Ontario, Thursday, June 20, 1974, at the hour of 3:00 o'clock in the afternoon (Toronto time), for the following purposes:—

1. To receive the annual report of the directors.
2. To receive the financial statements of the Corporation for the year ended December 31, 1973, together with the auditors' report thereon.
3. To elect directors.
4. To appoint auditors and to authorize the directors to fix their remuneration.
5. To transact such other business as may properly come before the meeting.

By Order of the Board of Directors,

D. B. MacDERMOTT,
Secretary.

Dated May 29, 1974.
Toronto, Ontario.

See Pages 7 and 8 for Information Circular

Calmor Iron Bay Mines Limited

Report of the Directors

To the Shareholders,
Calmor Iron Bay Mines Limited.

Your directors submit herewith for your consideration the audited financial statements of the Corporation for the year ended December 31, 1973.

Royalties from The Griffith Mine during 1973 amounted to \$183,000. The lease agreement between your Corporation and The Steel Company of Canada, Limited provides for escalation of the royalty rate proportionately with increases in the price of iron ore pellets. During 1973 the royalty rate was increased from 11.55 to 11.91 cents per ton. Effective May 1, 1974 the royalty rate was further increased to 14.09 cents per ton. The cumulative royalty rate increase since production commenced in March 1968 to May 1, 1974 has been 40.9%.

The Corporation holds 125,000 shares in Almos Mines Limited which holds 18 mining claims in the Sturgeon Lake Area of the Province of Ontario. No work has been carried out on these claims since the date of the last report.

GENERAL EXPLORATION

During the year, Conwest and its associates (the Conwest Group) participated in exploration expenditures as follows:

Conwest Group	
Conwest Exploration	
Company Limited	\$1,105,900.
Central Patricia Gold	
Mines Limited	45,000.
Chimo Gold Mines Limited	350,600.
Calmor Iron Bay Mines	
Limited	192,600.
	<u>\$1,694,100.</u>
Expenditures by others on	
projects in which the	
Conwest Group	
participated	\$ 305,900.
Total Exploration Exposure	<u>\$2,000,000.</u>

The joint exploration agreement between Conwest, Central Patricia Gold Mines Limited, Chimo Gold Mines Limited and Calmor Iron Bay Mines Limited, which came into effect January 1, 1972, sets out the terms of participation with Conwest in

mineral exploration initiated after that date. All exploration costs related thereto and the interests earned are shared in the following proportions:—

Conwest Exploration	} combined	66⅔ %
Company Limited		
Central Patricia Gold		
Mines Limited		
Chimo Gold Mines Limited		20%
Calmor Iron Bay Mines Limited		13⅓ %
		<u>100%</u>

Pursuant to the joint exploration agreement related to exploration projects undertaken subsequent to January 1, 1972 referred to above, the following projects were carried out:—

Joint Exploration by the Conwest Group (Projects initiated before January 1, 1973)

Conwest	53⅓ %
Central Pat	13⅓ %
Chimo	20%
Calmor	13⅓ %

Vermont, U.S.A.

A programme of geochemical and geophysical reconnaissance was carried out during 1972 by Prospecting Geophysics Limited on behalf of Conwest. Options to purchase were acquired during 1973 on three properties. Diamond drilling carried out since the year end to test geochemical and geophysical anomalies intersected copper sulphides below ore grade.

Montana, U.S.A.

Geophysical surveys and diamond drilling were carried out on the Alta Mine property in Montana. This work failed to find any extensions of the silver-lead-zinc orebodies which were mined previous to 1900.

New Hampshire, U.S.A.

The Conwest Group and others supported a programme of geochemical reconnaissance carried out by Prospecting Geophysics. The results were disappointing and no follow-up is planned.

Joint Exploration by the Conwest Group (Projects initiated subsequent to January 1, 1973)

Conwest	66 $\frac{2}{3}$ %
Chimo	20%
Calmor	13 $\frac{1}{3}$ %

British Columbia

Drifting and underground diamond drilling were carried out on claims optioned from Kennco Exploration (Western) Limited to evaluate a quartz vein carrying good grade silver-gold values in surface exposures. The gold and silver did not persist to depth and the option was surrendered.

The Conwest Group and two partners continued support of a prospecting syndicate in British Columbia managed by Messrs. Bacon and Crowhurst of Vancouver. The syndicate participated to the extent of 50% in the percussion drilling of a porphyry copper prospect in the Babine Lake area of B.C. Some very low grade copper intersections were obtained and Conwest terminated its participation in the exploration of this prospect. The syndicate also continued its prospecting programme in 1973 and early in 1974 drilled one target with negative results. The syndicate's prospecting programme in B.C. has been terminated.

Yukon Territory

The Conwest group optioned 301 claims adjacent to claims staked by Barrier Reef Resources Limited in the Bonnet Plume area. The Barrier Reef claims contain impressive zinc mineralization in porous carbonate rocks. A programme of prospecting and geological mapping will be carried out on the Conwest Group claims this summer.

Northwest Territories

Geological mapping, prospecting and trenching of mineral claims in the Godlin Lake area was not encouraging and the project was abandoned.

In the area of the Territories south of Bathurst Inlet, Dr. Stuart Roscoe carried out geological reconnaissance and prospecting on behalf of the Conwest Group and another exploration company. A group of 160 claims has been staked to cover a series of gossans which warrant more detailed investigation. Dr. Roscoe will explore the gossans and do further prospecting this summer in the same general area.

Other Exploration Activity

In a continuing search for exploration projects, technical data was reviewed, properties examined and geological, geophysical and geochemical reconnaissance was carried out in Canada and the U.S.A.

Since the end of the year, 172 claims were optioned in Lemoine Township in Quebec. These claims are adjacent to claims owned by another company on which a gold-base metal orebody has been discovered. Muscocho Explorations Limited will participate with the Conwest Group in exploration of the claims.

Your Corporation will continue its participation in the Conwest Group exploration on the same basis.

On Behalf of the Board,

M. P. CONNELL,
President.

Toronto, Ontario,
May 29, 1974.

Calmor Iron Bay Mines Limited

(Incorporated under the laws of Ontario)

Balance Sheet as at December 31, 1973

(with comparative figures at December 31, 1972)

ASSETS		1973	1972
Current			
Cash	\$	4,478	\$ 15,422
Royalty receivable		48,886	39,910
Accounts receivable		2,746	2,461
		<u>56,110</u>	<u>57,793</u>
Investment in Mining Companies and Properties (Notes 1 to 5)			
Shares with a quoted market value, at cost (indicated market value 1973 — \$509,076; 1972 — \$544,800)		483,722	454,235
Other shares, at cost		28,529	28,529
Producing mining property less accumulated amortization of \$158,099 (1972 — \$123,741)		829,082	863,440
Other mining properties, at cost and expenditures thereon		67,159	73,400
		<u>1,408,492</u>	<u>1,419,604</u>
		<u>\$1,464,602</u>	<u>\$1,477,397</u>
LIABILITIES		1973	1972
Current			
Accounts payable	\$	46,180	\$ 14,836
SHAREHOLDERS' EQUITY			
Capital Stock			
Authorized			
3,000,000 shares of no par value			
Issued			
2,560,005 shares		1,369,393	1,369,393
Retained Earnings		49,029	93,168
		<u>1,418,422</u>	<u>1,462,561</u>
On behalf of the Board:		<u>\$1,464,602</u>	<u>\$1,477,397</u>
M. P. CONNELL, Director.			
A. C. MOSHER, Director.			

AUDITORS' REPORT

To The Shareholders
Calmor Iron Bay Mines Limited

We have examined the balance sheet of Calmor Iron Bay Mines Limited as at December 31, 1973 and the statements of income and retained earnings and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the Corporation as at December 31, 1973 and the results of its operations and the source and application of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Ontario
May 17, 1974

Calmor Iron Bay Mines Limited

STATEMENT OF INCOME AND RETAINED EARNINGS

For the year ended December 31, 1973
(with comparative figures for the year 1972)

Income	1973	1972
Royalties	\$183,305	\$ 158,918
Interest	148	1,670
Gain on sale of investments	5,632	—
	<u>189,085</u>	<u>160,588</u>
Expenses		
General exploration and administrative together with the cost of current and prior years' direct exploration and development expenditures on mining claims and properties which were abandoned during year (Note 1)	193,140	106,802
Amortization of producing mining property	34,358	31,373
Corporate	5,726	5,139
	<u>233,224</u>	<u>143,314</u>
Net income (loss) for the year	(44,139)	17,274
Retained earnings at beginning of year	93,168	75,894
Retained earnings at end of year	<u>\$ 49,029</u>	<u>\$ 93,168</u>

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

For the year ended December 31, 1973
(with comparative figures for the year 1972)

Source of funds	1973	1972
Investment income	\$ 189,085	\$ 160,588
Application of funds		
Expended upon exploration and development of mining claims including general exploration and administrative costs	192,624	166,659
Excess (deficiency) of investment income over net funds applied to mining exploration and development	(3,539)	(6,071)
Portfolio investment transactions		
Cost of investments purchased	35,856	19,105
Cost of investments sold	6,368	—
Investment funds transferred from working capital	(29,488)	(19,105)
Net decrease in working capital	(33,027)	(25,176)
Working capital at beginning of year	42,957	68,133
Working capital at end of year	<u>\$ 9,930</u>	<u>\$ 42,957</u>

Calmor Iron Bay Mines Limited

NOTES TO THE 1973 FINANCIAL STATEMENTS

1. Accounting policy

The Corporation's policy is to write off all general exploration expenditures incurred during the year and to capitalize the direct cost of acquisition and expenditures on mining properties which were in good standing at the year end. Upon disposal or abandonment of such interest the net gain or loss is reflected in the statement of income.

2. Shares with a quoted market value, at cost

	December 31, 1973			Indicated Market Value
	No. of Shares	% of Outstanding Capital	Cost	
Chimo Gold Mines Limited	500,000	14.8%	\$ 435,130	\$445,000
Other investments with quoted market value			48,592	64,076
Total cost and indicated market value December 31, 1973			<u>\$ 483,722</u>	<u>\$509,076</u>
Total cost and indicated market value December 31, 1972			<u>\$ 454,235</u>	<u>\$544,800</u>

3. Other shares, at cost

	December 31, 1973		
	No. of Shares	% of Outstanding Capital	Cost
Nakina Mines Limited	287,500	29.5%	\$ 21,219
Almos Mines Limited	125,000	16.7%	7,310
Total cost December 31, 1973			<u>\$ 28,529</u>
Total cost December 31, 1972			<u>\$ 28,529</u>

4. Producing mining property

The producing mining property consists of a 20% interest in 123 mining claims in the Bruce Lake area, District of Kenora, recorded at the value appraised by A. H. Ross & Associates on July 20, 1966. The basis of the valuation was an appraisal of the present value of the anticipated net income from royalties to be received pursuant to the property lease.

The property is leased to The Steel Company of Canada, Limited until April 30, 2040 and the company receives a royalty of 11.910 cents per ton based on quantities of iron ore pellets produced and shipped from the mine. The royalty rate is subject to change in proportion to changes in the prevailing Cleveland market price for Lake Superior District iron ore pellets. The property is being amortized on the unit of production basis at the rate of 2.1937 cents per ton.

5. Other mining properties, at cost and expenditures thereon

Balance at beginning of year	\$ 73,400
Deduct	
Prior years' expenditures charged to operations	42,899
	30,501
Add	
Current year's expenditures capitalized	36,658
Balance at end of year	<u>\$ 67,159</u>

6. Income Taxes

As at December 31, 1973 the Corporation had exploration and development expenditures of approximately \$500,000 available to apply against otherwise taxable income of future years.

7. Executive remuneration

No remuneration was paid to the directors and senior officers of the company (as defined by The Business Corporations Act, 1970) in 1973.

Calmor Iron Bay Mines Limited

INFORMATION CIRCULAR

Solicitation of Proxies

This statement is furnished by the management of Calmor Iron Bay Mines Limited, hereinafter called the "Corporation", in connection with the solicitation of proxies for use at the Annual Meeting of Shareholders of the Corporation to be held on Thursday, June 20, 1974, at the Tudor Room, Royal York Hotel, 100 Front Street West, Toronto, Ontario, at 3:00 o'clock in the afternoon (Toronto time), for the purposes set out in the accompanying notice of meeting.

Solicitation is being made by mail, which may be supplemented by telephone or other personal contact, to be made without special compensation by officers and employees of the Corporation. The Corporation will bear all expenses in connection with the solicitation of proxies but the Corporation will not reimburse shareholders, nominees or agents for any costs incurred in obtaining from their principals instruments of proxy or authorization to execute such proxies.

IN THE EVENT OF YOUR NOT BEING PRESENT AT THE ANNUAL MEETING, THE MANAGEMENT OF THE CORPORATION SOLICITS YOUR PROXY AND YOU ARE REQUESTED TO FILL IN, DATE, SIGN AND RETURN THE ENCLOSED INSTRUMENT OF PROXY.

The shares represented by such proxy will be voted at the meeting and, where a choice with respect to any matter to be acted upon has been specified in the proxy, the shares, subject to The Business Corporations Act, 1970, of the Province of Ontario, will be voted in accordance with the specifications so made. WHERE NO CHOICE IS SPECIFIED WITH RESPECT TO ANY MATTER, THE SHARES SO REPRESENTED WILL BE VOTED IN FAVOUR OF SUCH MATTER.

Revocability of Proxy

Any proxy given by a registered shareholder may be revoked by notice in writing executed by the shareholder or his attorney authorized in writing or, if the shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized and deposited either at the head office of the Corporation at any time up to and including the last business day preceding the day of the meeting, or any adjournment thereof, at which the proxy is to be used, or with the chairman of the Annual Meeting on the day of the meeting or adjournment thereof which shall be a valid revocation of such proxy, except as to any matter in which a vote may already have been cast pursuant to the authority conferred by such proxy.

Voting Shares and Principal Holders Thereof

As of May 29, 1974 the authorized capital of the Corporation is 3,000,000 shares without nominal or par value, all of which carry one vote, and of which 2,560,005 shares are issued and outstanding as fully paid and non-assessable. Only shareholders of record on June 20, 1974, the date of the Annual Meeting, are entitled to vote thereat. The registered holders of all issued shares are entitled at the Annual Meeting to one vote for each share held.

To the knowledge of the directors and senior officers of the Corporation, the following is the only shareholder beneficially owning, directly or indirectly, 10% or more of the issued and outstanding shares of the Corporation.

<u>Name</u>	<u>Approximate Number of Shares Beneficially Owned</u>	<u>Percentage of Outstanding Shares</u>
Chimo Gold Mines Limited	1,000,000	39.1

Election of Directors

The board of directors consists of five directors who are elected at the Annual Meeting to serve until the next Annual Meeting or until their successors are elected or appointed. It is intended to vote the shares represented by the proxies received pursuant to this solicitation by management for the election of the five nominees who are listed below. In the event that any vacancy occurs in the slate of nominees submitted herewith, which is not anticipated, it is intended that the persons named in the accompanying instrument of proxy reserve the right to vote for another person of their choice in place of the nominee who is unable to serve as a director. The names and pertinent information with respect to each of the nominees for election as directors as reported by each is shown below, including the year in which each nominee first became a director of the Corporation:

<u>Proposed Nominees</u>	<u>Principal Occupation or Employment</u>	<u>Director From</u>	<u>Number of Corporation Shares Beneficially Owned</u>
Martin P. Connell President	Executive Vice-President, Conwest Exploration Company Limited, a mining exploration company	December 13, 1971	32,501
Charles R. Elliott	President, Conwest Exploration Company Limited	December 13, 1971	1
Ian F. T. Kennedy Vice-President	Vice-President, Conwest Exploration Company Limited	June 28, 1973	10,000
John C. Lamacraft Treasurer	Treasurer, Conwest Exploration Company Limited	June 28, 1973	1
Alexander C. Mosher	Director, Chimo Gold Mines Limited	March 8, 1954	19,354

Remuneration of Directors and Senior Officers

No remuneration was paid or is payable by the Corporation to directors and officers in respect of the last completed financial year.

Appointment of Auditors

It is proposed that Riddell, Stead & Co., Chartered Accountants, the present Auditors, be reappointed as auditors of the Corporation, to hold office until the next Annual Meeting of shareholders at a remuneration to be fixed by the board of directors of the Corporation. Riddell, Stead & Co. have been the auditors of the Corporation for more than five years.

Other Business

The management of the Corporation is not aware of any matters to be presented for action at the meeting other than those listed in the notice of meeting. However, if other matters properly come before the meeting, it is the intention of the persons named in the accompanying instrument of proxy to vote the said proxies in accordance with their best judgment on such matters.

By Order of the Board of Directors,

DATED May 29, 1974.
Toronto, Ontario.

D. B. MacDERMOTT,
Secretary.

